

A Grassroots Movement for The New Silk Road Grows in Iraq—LaRouche’s Ideas a Catalyst

by Hussein Askary

Hussein Askary is an Iraqi-Swedish citizen. He was born in Baghdad, Iraq in 1968, and was forced to leave the country following Operation Desert Storm in 1991. He received political asylum in Norway in 1992. He met the Schiller Institute and the LaRouche movement in 1994, and joined it in 1995. He has been the Southwest Asia Coordinator of the Schiller Institute since 2006.

Feb. 25—Iraq is probably the only country in the world where the population is way ahead of the government in urging cooperation with China and actively joining the Belt and Road Initiative (BRI), the New Silk Road. Although the Iraqi government signed a memorandum of understanding with China on working together to build and promote the BRI in December 2015, for several years there were no moves made to activate that cooperation. In September 2019, a new Prime Minister, Adil Abdel-Mahdi, visited China with the largest delegation of Iraqi ministers and governors to visit China in the history of the relations of the two countries. In that visit, several memoranda of understanding (MoU) were signed for economic cooperation.

The most sensitive of these documents was a simple “financial appendix” that activated a dormant agreement, or “Framework of Cooperation,” on what is popularly called “The China-Iraq Oil for Reconstruction Agreement,” which had been signed in May 2018 under the previous government, but had never been activated. This agreement, as will be discussed below, held the promise of pulling Iraq out of 30 years of economic and



After 17 years of rolling blackouts and paralysis of economic and social life, the Iraqi people are supporting the China-Iraq Oil for Reconstruction agreement.

social hell brought about by Operation Desert Storm (1991), followed by 12 years of mass-murderous economic sanctions, and completed by the 2003 American-British invasion of Iraq.

Texas and Baghdad

What the people of Texas experienced in the month of February 2021, with rolling blackouts and paralysis of economic and social life, is what the Iraqi people have experienced *for 17 years*—not by a snowstorm, but by the British and U.S. military machines. In 1991 and again in 2003, Iraq was “bombed back to the stone age” (as James A. Baker III promised), after being one of the most advanced economies of West Asia and the Arab world.

The problem did not stop there. Even after all this destruction, Iraq could still provide 10 hour of electricity per day in the immediate months after the invasion.

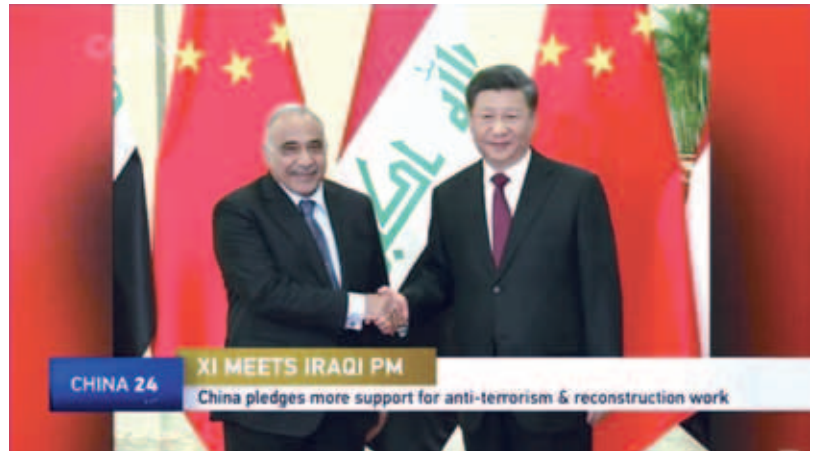
However, the looting and negligence of the infrastructure by the corrupt U.S.-run governments brought the hours of electric power supply to Iraqi households and businesses down to 5-6 hours a day as I write this article. Iraq has been turned into a real cargo cult, with the government selling raw oil to buy 97% of all the needs of the Iraqi people from abroad, with virtually no domestic production of anything other than raw oil.

Iraq's total needs of electric power, according to an Iraqi energy consultant I interviewed recently, is 19 Gigawatts. The Ministry of Electricity, which is in charge of producing and distributing electricity, is capable of providing only 7 GW. The rest is fulfilled by small and medium generators that are placed at every street corner in the country. These are owned by a "generator mafia" who exact high prices from the public, like the infamous 2000-2001 Enron scam in California, as well as the Texas power companies during the blackout this month. Like the latter, this mafia is backed by influential politicians and militias who get a cut of the revenue. Each of these diesel-run generators spews out exhaust comparable to 70 cars, on every street corner in Iraq, a nation of 40 million souls.

In September 2018, the Iraqi government of Prime Minister Haidar Al-Abadi reached an agreement with the German company Siemens to build the missing 11 Gigawatts of electric power using natural gas-driven plants. The deal was worth \$15 billion, with construction to be completed in less than 4 years, but was cancelled under threats from the U.S. Administration which claimed that it would leave Iraq hostage to Iranian gas imports. Instead, Iraq was forced to sign an MoU with the American company General Electric. But even that deal was not intended to succeed. As oil prices started to collapse, Iraq has been left with no international power construction companies, nor finances to pay for them. In the meantime, corrupt Iraqi Electricity Ministry officials and their contractors are happy with the money they are receiving to merely maintain the old generators and the networks which provide less than 5 hours/day of electricity to the people.

An Untimely Revolt

This situation repeats itself in every other sector of the economy: healthcare, education, water supplies,



CGTN

Adil Abdul-Mahdi, Prime Minister of Iraq, and Xi Jinping, President of China, in Beijing in 2019. They reactivated several memoranda of understanding signed in 2015 on working together to build and promote the Belt and Road Initiative.

sewage, transportation, employment etc. In late 2017, after defeating ISIS, which had nearly destroyed what was left in the country, the people now turned their anger and energy against the corrupt government. Spontaneous demonstrations and protests broke out in many parts of the country against the lack of the most basic services and the massive unemployment among youth.

The increasingly desperate economic, social and security situation forced a "Damascus Road conversion" upon the newly elected (September 2018) Prime Minister, Adel Abdel-Mahdi, who was oil minister under the preceding government of Al-Abadi when the "oil for reconstruction" framework was signed in May 2018. In late September 2019, Abdel-Mahdi travelled to China with a large delegation (as mentioned above) and activated that agreement. As soon as he returned to Baghdad on September 29, a "color revolution" started, with hundreds of thousands of dismayed youth, who had legitimate grievances but were manipulated into a take-no-prisoners attitude against the Abdul-Mahdi government, which was in fact trying to solve the problems which caused this revolt, by working actively with China.

A third party, never officially identified, intervened into the protests, using lethal violence, killing both protesters and policemen. In late November, after the killing of 50 protesters, the situation was getting out of control and calls for the resignation of Abdel-Mahdi started to emerge from his own ranks and from the supreme Shia clergyman Ayatollah Al-Sistani. While he pledged to resign, he remained in power as a caretaker

Prime Minister until May 2020, as a replacement was being negotiated among the big parties in Parliament.

The final nail in the coffin of the government of Abdel-Mahdi and the Iraqi-Chinese agreement was the assassination of Iranian Maj. General Qassem Soleimani and Iraqi commander of the Popular Mobilization Forces, Abu Mahdi Al-Muhandis, by orders of President Donald Trump (or whoever made the decision on his behalf) as the two were driving near the Baghdad Airport on January 3, 2020.

Soleimani and Al-Muhandis, both of whom had fought essentially shoulder to shoulder with U.S. forces against ISIS, were preparing to meet with Prime Minister Abdul-Mahdi to bring back a message of reconciliation between Iran and Saudi Arabia—an effort which had been mediated by Abdul-Mahdi. The latter revealed this fact in a January 2021 TV interview. I explained the background to this assassination, situating it in the context of the China-Iraq agreement, in my [interview](#) with the Schiller Institute on January 6, 2020, which was transcribed in the January 10, 2020 issue of *EIR*.

It was in that precise week that the Iraqi-Chinese “oil for reconstruction” fund’s accumulated revenues from Iraqi oil sales to China (since October 1, 2019, when Abdel-Mahdi concluded his trip to Beijing) reached the critical mass of \$1.5 billion, triggering the negotiations with Chinese companies for specific infrastructure projects to be selected for immediate construction. (More details below.)

Iraqi officials who had served under Abdel-Mahdi told me later that what I had said in that interview was on the spot, although I was not privy to any inside information from Iraqi or Chinese government sources. It was simply my application of the method of analysis I learned from Lyndon LaRouche through 25 years of my association with him—that is, situating an object or event within the multiply-connected domain or larger context within which that object or event is defined or created, as an effect or shadow of a larger process or cause,



CC/Tasnim News Agency

Iranian Maj.-General Qassem Soleimani, who had fought essentially shoulder to shoulder with U.S. forces against ISIS, was assassinated by a U.S. drone strike on January 3, 2020.

rather than looking at that event as a thing in itself.

Enter LaRouche

In November 2019, I launched the [online](#) Arabic-language LaRouche School of Physical Economics, giving lessons in LaRouche’s economics, while at the same time giving presentations on the Belt and Road Initiative and China’s meteoric economic rise.

My message to the Arab youth, who had been deeply misled by the “Arab Spring” to believe that regime-change is the road to prosperity and freedom, was that without understanding economics in the true sense which LaRouche advocated as an art of statesmanship, no mass movement can really be called a “revolution.” The revolution should occur in the mind of the people, or at least a leadership of that people, first. There are 22 na-



Courtesy of Hussein Askary

Left to right: Hussein Askary, CEO of Swedhydro and Schiller Institute member; Dr. Jamal al-Adeli, Minister of Water Resources of Iraq; Cai Mantang, Associate Professor and Deputy Director of the Beijing Development Institute, Peking University; and Dr. Nihad Mutlag, Professor of Biology and Environmental Science, University of Kufa. December 2018.

tions, including Iraq, with Arabic as the official language. So, there is enormous potential here.

After the Abdul-Mahdi government was finally forced from office in May 2020, a new Prime Minister was selected through a very absurd, horse-trading pro-



Courtesy of Hussein Askary

Above: Hussein Askary on various Iraqi TV shows. Left: Southwest Asia, at the confluence of three continents.



Schiller Institute

cess among the dozens of factions of Shia, Sunni and Kurdish groups (as a result of the “democratic reform” brought about by the U.S.-British occupation). The new PM was Mustafa Al-Kadhimi, the former Director of Intelligence. Al-Kadhimi promised further political reforms in preparation for new elections to be held in 2022.

The protestors withdrew from the streets with the hope that some change would be brought about. However, when the COVID-19-pandemic put the brakes on the global economy, oil prices collapsed to \$30/barrel, far below the price required to pay for the Iraqi budget. Al-Kadhimi and his advisers, who are mostly youth from the color revolution, had no idea about econom-

ics. On top of that, Al-Kadhimi dubiously suspended the China-Iraq agreement, withdrawing the accumulated reconstruction fund to fill the immediate gaps in the budget. According to Iraqi sources, this move was made at the behest of the U.S. Administration.

In September 2020, I was contacted by the administrators of an Iraqi Facebook group to join their group and explain certain matters pertaining to the China-Iraq agreement and resolving the economic crisis through infrastructure development. (Facebook is the main vehicle for Iraqis who want to or-

ganize politically outside the control of the political parties.) The group has called “For the building of the Faw Great Port and rejecting the rail connection with Kuwait and Iran.” I explained to them that I was not against rail connections with other countries, but I was definitely for building this strategically important port for Iraq, which would become the connecting point to the Maritime Silk Road.

I started to give live lessons on the merits of the China-Iraq agreement, infrastructure, and national credit from the standpoint of LaRouche. I was told by Iraqi media experts that there were almost no credible economists in Iraq who could explain the Belt and Road Initiative or the importance of the China-Iraq agreement. In a few months, this group grew from 30,000 members to 280,000 members by November 2020. My lessons, which were shared by many of the members of this group with other groups, made the established mass media take note of my work. I started receiving requests for television interviews on the reconstruction of Iraq, the BRI, and the China Agreement.

However, the Faw Port Facebook group page was suddenly banned by Facebook in late November for “violating the community rules”—the same vague non-explanation which is being used to censor President Trump and many other individuals and organizations in the ongoing police state censorship in the U.S. By that time, however, more than a dozen groups had been cre-

ated supporting the activation of the China agreement and offering Chinese companies the contract to build the Faw Great Port.

The Iraqi government continued to stall the agreement with the Chinese firms, and in another mischievous move offered the contract to Korean Daewoo Engineering and Construction Corporation, which has deep financial and legal problems related to corruption and financial mismanagement. The contract was landed without any open bidding process. Although Chinese companies, like the China Machinery Engineering Company (CMEC), offered to build the port and 12 other auxiliary infrastructure projects for less than the \$2.6 billion demanded by Daewoo, and in three years rather than four, and to provide financing through Chinese banks through a 15-year low-interest credit line with a five-year grace period, their offers were rejected by Al-Kadhimi's government.

On top of that, the contract with Daewoo was financed by the Iraqi Finance Ministry borrowing from the commercial markets, only managing to garner \$400 million out of the \$2.6 billion required, indicating that the project will be stalled within a matter of months, since the government will most likely be unable to borrow more for the completion of the project in this piecemeal fashion. Scandalously, this lack of funding resulted in Daewoo planning to build only one of the two required breakwaters for the port, and to take ten years even for that.

Feeling frustrated by the pressure from the public and obviously from circles closer to the government, Al-Kadhimi appeared in a special press conference he himself summoned on November 17 to specifically state that there is “no such thing as a China agreement,” and that there is a “campaign of lies” launched against him claiming he had cancelled it. He said there were only memoranda of understanding with China and no agreements.

The sophistry of Al-Kadhimi's claims is obvious, since the “Export Credit Insurance Cooperation Framework” is neither an “agreement” nor an “MoU.” I was made privy to the text of this “framework of coopera-

tion” signed by the Iraqi Finance Ministry and China Export and Credit Insurance Corporation (Sinosure)—see the cover page below—by officials of the former government, who pointed out to me that it was intentionally designed as such to avoid the fate of “agreements” that have to be ratified by a split and generally corrupt Parliament.

The “Framework” is confidential, and therefore the previous government did not show it to the public. My public criticism of the Abdel-Mahdi government, however, was its failure to be transparent in explaining the merits and goals of the cooperation with China, without necessarily making its text public.

Once again, I had to appear on social media and some television channels to respond to this counter-attack by the Prime Minister.

These moves by Al-Kadhimi prompted youth groups to move into the streets and organize spontaneous demonstrations. Some started improvising, designing and printing posters and banners for posting in public places. I was asked by some groups to write short texts for leaflets on the Iraq-China agreement and the New Silk Road, and why it would be beneficial for Iraq to join it. These leaflets were distributed by some in

these events and posted on social media.

The Cat Is Out of the Bag

Recently, I was informed that a group of parliamentarians from different parties formed a “Silk Road” alliance in the Parliament to distinguish themselves as supporters of the BRI and the Iraq-China agreement. Some parliamentarians have taken to social media to express their support for the agreement with China and the New Silk Road. It has gradually grown to a mass movement. It has now become so popular to be pro-Silk Road and pro-China that many politicians at the top of the Shia religious/militia leadership—like Muqtada As-Sadr, Hadi Al-Ameri (Badr Brigades), and Qais Al-Khazali (leader of the Asayib militia)—have made public speeches about their support for this.

Some observers say that this is an opportunistic



Courtesy of Hussein Askary

Iraqi teenagers in Samawah. The sign reads: “We demand the rapid implementation of the China-Iraq agreement: Oil for Reconstruction.” The smaller signs: “The future of our young generations go through the New Silk Road.”



Courtesy of Hussein Askary

Citizens in Basra. The signs read (left): “For the sake of my country, I choose the investment option for building the Great Faw Port.” (Middle): “Investment in the Faw Port is the best solution. Yes to the offer by the Chinese CMEC company, not to the bankrupt Korean company.” (Right): “Yes to the China agreement. Yes to building the Great Port of Faw. Yes to Iraq joining the New Silk Road.”

move to gain popularity ahead of the next elections. But the reality is that the proverbial cat is out of the bag. Many youth are telling me that, while they regret participating in the revolt against Adel Abdel-Mahdi, they will not be fooled again by politicians who are not serious about the reconstruction of the country and active cooperation with China along the BRI. They say they have learned the basics of true economics, thanks to the LaRouche School, and therefore are equipped to lead the politicians to the right road.

Small Steps

This popular pressure has forced the Iraqi government to take some small steps to revive its commitment to the “China agreement,” despite the fact that it had claimed it did not exist. In December 2020, the Iraqi Minister of Planning, Najm Al-Battal, told the Iraqi national television that the government has had discussions with the Chinese Ambassador, Zhang Tao, on reactivating the agreement. Al-Battal added that “Chinese companies will come to Iraq, as soon as the Coronavirus pandemic is under control, to start the reconstruction work on selected projects.”

Ambassador Zhang published on the Chinese Embassy’s internet page on January 10, 2021, that he had met with the Minister of Electricity, Majed Mahdi Al-Amara, to discuss the power projects that could be in-

cluded in the Iraq-China agreement. The Ministry confirmed this in a detailed [report](#) it published on its website. The Ministry’s website also reported that Zhang had complained about the Iraqi government not making funds available for the reconstruction in accordance with the “framework of cooperation.” As reported above, the Iraqi government used the funds to fill gaps in the government deficit and pay salaries to hundreds of thousands of government employees who had not received their salaries for several months in 2020.

It is noteworthy that the only successful post-2003 electric power plant construction in Iraq was conducted by Chinese Shanghai Electric in the southern Iraqi city of Wassit, a 2450 MW thermal power plant, as [reported](#) by Xinhua, that has provided Iraq with 20% of its electricity since 2019.

Zhang also met with the Minister of Housing to dis-



Courtesy of Hussein Askary

Here, a demonstration in Tahrir Square in Baghdad, October, 2020. The sign reads: “We call upon the Prime Minister to activate the Iraq-China agreement, because it represents a turning point in Iraq’s Economy.”

discuss the building of the first 1,000 housing units which are part of the Iraq-China agreement. Iraqi activists who welcome these developments are at the same time critical of these “small steps,” arguing that Iraq needs “mega-projects” in almost all sectors of the infrastructure of the country, and that the Chinese companies are willing to build them effectively, quickly, and at a low cost. Chinese banks are also willing to finance these projects with long-term credits at low interest rates.